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INFO RUCNIRA/IRAN COLLECTIVE PRIORITY

C O N F I D E N T I A L ISTANBUL 000457

SIPDIS

TREASURY FOR A/S COHEN; LONDON FOR MURRAY; BERLIN FOR ROSENSTOCK-STILLER; BAGHDAD FOR POPAL AND HUBAH; BAKU FOR MCCRENSKY; ASHGABAT FOR TANGBORN; DUBAI FOR IRPO

E.O. 12958: DECL: 12/14/2024

TAGS: [EFIN](#) [ECON](#) [PREL](#) [PGOV](#) [TU](#) [IR](#)

SUBJECT: IRAN-TURKEY FINANCE: IS BANK CLOSES REMAINING BANK SEPAH AND BANK MELLAT ACCOUNTS

REF: ISTANBUL 428

Classified By: Deputy Principal officer Win Dayton; Reason 1.4 (d).

¶1. (SBU) A representative from Turkiye Is Bank, one of Turkey's largest private banks, contacted ConGen Istanbul on December 14 to report that it closed Iranian Bank Mellat's USD account at Is Bank as of November 20, 2009. Our Is Bank interlocutor also told us that the bank closed Iranian Bank Sepah's USD and Euro accounts with Is Bank as of December 10, 2009. (Comment: The USG imposed bilateral financial sanctions against Iran's Bank Mellat and Bank Sepah under Executive Order 13382 in January 2007. In March 2007 the UN Security Council imposed Chapter VII sanctions on Bank Sepah and Bank Sepah International under UNSCR 1747.)

¶2. (SBU) On November 5, following an October meeting with visiting Treasury A/S Cohen (reftel), the same Is Bank representative had told us that Is Bank ended all relations with Bank Sepah on March 28, 2007, in response to UNSCR 1747's sanctions. When we asked on December 14 about the discrepancy between what he told us November 5 and what he told us December 14, he clarified that on March 28, 2007 Is Bank "closed all accounts with Bank Sepah International in the United Kingdom" and that Is Bank took the further step several days ago to cancel all banking relations with Bank Sepah in Iran.

¶3. (C) Comment: The overall result is a positive one: Treasury A/S Cohen's intervention with Is Bank in October, when he underscored the risks to Is Bank's financial reputation if it continued to deal with sanctioned Iranian banks, appears to have been a key factor in its decision to cut ties with Bank Sepah and Bank Mellat. The discrepancy about what the Is Bank representative told us in November, as opposed to what he told us today, about the timing and scope of Is Bank's cancellation of relations with the UNSC-sanctioned Bank Sepah, however, does raise questions about how fully Is Bank had been implementing the legally-required sanctions against Bank Sepah since March 2007, including the obligation to freeze all Bank Sepah funds and financial assets on their territories or under their control. End comment.

WIENER